
By: **Senator Lawlah**
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Committee Report: Favorable with amendments
Senate action: Adopted
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CHAPTER _____

1 AN ACT concerning

2 **Tax Credit for Approved Work-Based Learning Programs—Extension Grant**
3 **Program**

4 FOR the purpose of ~~extending the termination date and applicability of a certain tax~~
5 ~~credit program for approved paid-work-based learning programs for students;~~
6 ~~requiring the State Department of Education to provide a certain interim report~~
7 ~~and a certain final report related to the tax credit for approved work-based~~
8 ~~learning programs by certain dates; and generally relating to a tax credit for~~
9 ~~certain wages paid pursuant to approved paid-work-based learning programs~~
10 ~~establishing the Approved Work-Based Learning Grant Program to provide~~
11 ~~certain grants to individuals and businesses for a certain percentage of the~~
12 ~~wages paid to a student under the Program; requiring the State Department of~~
13 ~~Education to administer the Program, establish certain procedures, and award~~
14 ~~grants from the Program; defining certain terms; providing for a delayed~~
15 ~~effective date; declaring the intent of the General Assembly; and generally~~
16 ~~relating to an Approved Work-Based Learning Grant Program.~~

17 ~~BY repealing and reenacting, with amendments,~~
18 ~~Article—Education~~
19 ~~Section 21-501~~
20 ~~Annotated Code of Maryland~~
21 ~~(2001 Replacement Volume and 2003 Supplement)~~

22 ~~BY repealing and reenacting, with amendments,~~
23 ~~Chapter 660 of the Acts of the General Assembly of 1998, as amended by~~
24 ~~Chapter 611 of the Acts of the General Assembly of 2001~~

1 Section 2 and 3

2 BY adding to

3 Article - Education

4 Section 21-501

5 Annotated Code of Maryland

6 (2001 Replacement Volume and 2003 Supplement)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
8 MARYLAND, That the Laws of Maryland read as follows:

9 **Article - Education**

10 ~~21-501.~~

11 (a) (1) ~~In this section the following words have the meanings indicated.~~

12 (2) ~~"Eligible party" means:~~

13 (i) ~~An employer;~~

14 (ii) ~~A group of employers;~~

15 (iii) ~~An industry trade association;~~

16 (iv) ~~A labor organization;~~

17 (v) ~~An operator of a registered apprenticeship program; or~~

18 (vi) ~~Any other entity that the Department approves to establish a
19 paid work-based learning program under this section.~~

20 (3) ~~"Student" means an individual who:~~

21 (i) 1. ~~Is at least 16 years old but younger than the age of 23
22 years; or~~

23 2. ~~Reaches the age of 23 years while participating in an
24 approved paid work-based learning program under this section; and~~

25 (ii) ~~Is enrolled in a public or private secondary or postsecondary
26 school in the State.~~

27 (4) ~~"Multicraft construction site" means a construction site where more
28 than one construction trade operation is taking place at the same time.~~

29 (b) (1) ~~An eligible party may establish a paid work-based learning program
30 for students that is consistent with current State and federal employment of minors
31 laws and approved by the Department as provided under this section.~~

1 (2) A work-based learning program shall provide for approved paid
2 ~~work-based learning arrangements between employers and schools to provide~~
3 ~~students with structured employer-supervised learning that:~~

4 (i) ~~Occurs in the workplace in conformance with established safety~~
5 ~~standards;~~

6 (ii) ~~Integrates with classroom instruction to result in the~~
7 ~~acquisition of at least one unit of academic credit; and~~

8 (iii) ~~Links to each student's career interest.~~

9 (3) An approved paid work-based learning program for students shall be
10 ~~set forth in writing and shall include:~~

11 (i) ~~A description of the knowledge and skills to be developed;~~

12 (ii) ~~A description of the methodology to be used;~~

13 (iii) ~~A description of the criteria for monitoring, assessing, and~~
14 ~~credentialing; and~~

15 (iv) ~~Evidence of approval by appropriate school personnel.~~

16 (4) The program shall:

17 (i) ~~Provide approved paid work-based learning experiences for~~
18 ~~students that are consistent with the strategic economic development goals~~
19 ~~established for the State; and~~

20 (ii) ~~Strive to achieve a geographic representation of students~~
21 ~~participating in paid work-based learning experiences.~~

22 (5) ~~A contractor at a multicraft construction site may not qualify for the~~
23 ~~tax credit authorized under this section for more than 2 students.~~

24 (e) (1) ~~In order for an employer to be eligible to claim a tax credit, each~~
25 ~~student must be employed by the employer for 200 hours or more.~~

26 (2) ~~An employer may claim a tax credit in an amount equal to 15% of the~~
27 ~~wages paid to each student during the taxable year under a work-based learning~~
28 ~~program that has been approved by the Department as qualifying for the tax credit~~
29 ~~under this section.~~

30 (3) ~~The cumulative credit allowed under this section to an employer in~~
31 ~~the current taxable year and all previous taxable years may not exceed \$1,500 per~~
32 ~~student.~~

33 (4) ~~If the credit allowed under this subsection in any taxable year~~
34 ~~exceeds the total tax otherwise payable by the employer for that taxable year, the~~

1 excess may be carried forward and applied as a credit for succeeding taxable years
2 until the earlier of:

3 (i) The full amount of excess is used; or

4 (ii) The expiration of the 5th taxable year in which the contribution
5 was made.

6 (d) ~~The tax credit authorized under this section shall be allowed only for~~
7 ~~taxable years beginning on or before December 31, [2003] 2007.~~

8 (e) (1) The Department shall adopt regulations to implement this section.

9 (2) (i) The regulations adopted under this subsection shall include a
10 process for approval of paid work-based learning programs as qualifying for the tax
11 credit under this section.

12 (ii) The number of eligible paid work-based learning program
13 students approved by the Department may not exceed 1,000 for each taxable year.

14 (3) The regulations adopted under this subsection shall include a process
15 for certifying employers' eligibility for the tax credit under this section.

16 (4) The Department may delegate the approval authority for programs
17 under this section to one or more private industry councils.

18 **Chapter 660 of the Acts of 1998, as amended by Chapter 611 of the Acts of**
19 **2001**

20 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the State Department~~
21 ~~of Education shall evaluate the effectiveness of the tax credit provided under this Act.~~
22 ~~The Department shall include in this study the number of businesses qualifying for~~
23 ~~the tax credits, the types of businesses qualifying for the credits, and the amount of~~
24 ~~credits granted. The Department shall PROVIDE AN INTERIM report ON its findings to~~
25 ~~the Senate Budget and Taxation Committee and the House Committee on Ways and~~
26 ~~Means on or before [November 1, 2003] DECEMBER 31, 2004, AND SHALL PROVIDE A~~
27 ~~FINAL REPORT TO THE SENATE BUDGET AND TAXATION COMMITTEE AND THE~~
28 ~~HOUSE COMMITTEE ON WAYS AND MEANS ON OR BEFORE DECEMBER 31, 2007.~~

29 ~~SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall remain~~
30 ~~effective for [6] 10 years and, at the end of June 30, [2004] 2008, with no further~~
31 ~~action required by the General Assembly, this Act shall be abrogated and of no further~~
32 ~~force and effect; provided, that any excess credits may be carried forward and, subject~~
33 ~~to the limitations of § 21-501 of the Education Article, may be applied as credit for~~
34 ~~taxable years beginning on or after January 1, [2004] 2008.~~

35 21-501.

36 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
37 INDICATED.

- 1 (2) "ELIGIBLE PARTY" MEANS:
- 2 (I) AN EMPLOYER;
- 3 (II) A GROUP OF EMPLOYERS;
- 4 (III) AN INDUSTRY TRADE ASSOCIATION;
- 5 (IV) A LABOR ORGANIZATION;
- 6 (V) AN OPERATOR OF A REGISTERED APPRENTICESHIP PROGRAM;
- 7 OR
- 8 (VI) ANY OTHER ENTITY THAT THE DEPARTMENT APPROVES TO
- 9 ESTABLISH A PAID WORK-BASED LEARNING PROGRAM UNDER THIS SECTION.
- 10 (3) "MULTICRAFT CONSTRUCTION SITE" MEANS A CONSTRUCTION SITE
- 11 WHERE MORE THAN ONE CONSTRUCTION TRADE OPERATION IS TAKING PLACE AT
- 12 THE SAME TIME.
- 13 (4) "STUDENT" MEANS AN INDIVIDUAL WHO:
- 14 (I) 1. IS AT LEAST 16 YEARS OLD BUT YOUNGER THAN THE AGE
- 15 OF 23 YEARS; OR
- 16 2. REACHES THE AGE OF 23 YEARS WHILE PARTICIPATING IN
- 17 AN APPROVED PAID WORK-BASED LEARNING PROGRAM UNDER THIS SECTION; AND
- 18 (II) IS ENROLLED IN A PUBLIC OR PRIVATE SECONDARY OR
- 19 POSTSECONDARY SCHOOL IN THE STATE.
- 20 (B) THERE IS AN APPROVED WORK-BASED LEARNING GRANT PROGRAM IN
- 21 THE DEPARTMENT.
- 22 (C) (1) AN ELIGIBLE PARTY MAY ESTABLISH A PAID WORK-BASED
- 23 LEARNING PROGRAM FOR STUDENTS THAT IS CONSISTENT WITH CURRENT STATE
- 24 AND FEDERAL EMPLOYMENT OF MINORS LAWS AND APPROVED BY THE
- 25 DEPARTMENT AS PROVIDED UNDER THIS SECTION.
- 26 (2) A WORK-BASED LEARNING PROGRAM SHALL PROVIDE FOR
- 27 APPROVED PAID WORK-BASED LEARNING ARRANGEMENTS BETWEEN EMPLOYERS
- 28 AND SCHOOLS TO PROVIDE STUDENTS WITH STRUCTURED EMPLOYER-SUPERVISED
- 29 LEARNING THAT:
- 30 (I) OCCURS IN THE WORKPLACE IN CONFORMANCE WITH
- 31 ESTABLISHED SAFETY STANDARDS;
- 32 (II) INTEGRATES WITH CLASSROOM INSTRUCTION TO RESULT IN
- 33 THE ACQUISITION OF AT LEAST ONE UNIT OF ACADEMIC CREDIT; AND
- 34 (III) LINKS TO EACH STUDENT'S CAREER INTEREST.

1 (3) AN APPROVED PAID WORK-BASED LEARNING PROGRAM FOR
2 STUDENTS SHALL BE SET FORTH IN WRITING AND SHALL INCLUDE:

3 (I) A DESCRIPTION OF THE KNOWLEDGE AND SKILLS TO BE
4 DEVELOPED;

5 (II) A DESCRIPTION OF THE METHODOLOGY TO BE USED;

6 (III) A DESCRIPTION OF THE CRITERIA FOR MONITORING,
7 ASSESSING, AND CREDENTIALING THE STUDENT'S PROGRESS; AND

8 (IV) EVIDENCE OF APPROVAL BY APPROPRIATE SCHOOL
9 PERSONNEL.

10 (4) THE PROGRAM SHALL:

11 (I) PROVIDE APPROVED PAID WORK-BASED LEARNING
12 EXPERIENCES FOR STUDENTS THAT ARE CONSISTENT WITH THE STRATEGIC
13 ECONOMIC DEVELOPMENT GOALS ESTABLISHED FOR THE STATE; AND

14 (II) STRIVE TO ACHIEVE A BALANCED GEOGRAPHIC
15 REPRESENTATION OF STUDENTS PARTICIPATING IN PAID WORK-BASED LEARNING
16 EXPERIENCES.

17 (5) A CONTRACTOR AT A MULTICRAFT CONSTRUCTION SITE MAY NOT
18 QUALIFY FOR THE GRANT AUTHORIZED UNDER THIS SECTION FOR MORE THAN TWO
19 STUDENTS.

20 (D) (1) IN ORDER FOR AN EMPLOYER TO BE ELIGIBLE FOR A GRANT, EACH
21 STUDENT MUST BE EMPLOYED BY THE EMPLOYER FOR 200 HOURS OR MORE.

22 (2) THE DEPARTMENT MAY PROVIDE A GRANT TO AN EMPLOYER IN AN
23 AMOUNT EQUAL TO 15% OF THE WAGES PAID TO EACH STUDENT DURING THE FISCAL
24 YEAR UNDER A WORK-BASED LEARNING PROGRAM THAT HAS BEEN APPROVED BY
25 THE DEPARTMENT AS QUALIFYING FOR THE GRANTS UNDER THIS SECTION.

26 (3) THE GRANT ALLOWED UNDER THIS SECTION TO AN EMPLOYER MAY
27 NOT EXCEED \$1,500 PER STUDENT.

28 (E) (1) THE DEPARTMENT SHALL ADOPT REGULATIONS TO IMPLEMENT
29 THIS SECTION.

30 (2) THE REGULATIONS ADOPTED UNDER THIS SUBSECTION SHALL
31 INCLUDE A PROCESS FOR THE APPROVAL OF PAID WORK-BASED LEARNING
32 PROGRAMS THAT QUALIFY FOR THE GRANT PROGRAM UNDER THIS SECTION.

33 (3) THE DEPARTMENT MAY DELEGATE THE APPROVAL AUTHORITY FOR
34 PROGRAMS UNDER THIS SECTION TO ONE OR MORE PRIVATE INDUSTRY COUNCILS.

1 (F) (1) ON OR BEFORE SEPTEMBER 1 EACH YEAR, THE DEPARTMENT SHALL
2 EVALUATE THE EFFECTIVENESS OF THE GRANTS PROVIDED IN THE PRIOR FISCAL
3 YEAR UNDER THIS SECTION.

4 (2) THE DEPARTMENT SHALL INCLUDE IN THE STUDY:

5 (I) THE NUMBER OF BUSINESSES QUALIFYING FOR THE GRANTS;

6 (II) THE TYPES OF BUSINESSES QUALIFYING FOR THE GRANTS;

7 AND

8 (III) THE AMOUNT OF GRANTS PROVIDED TO EACH BUSINESS.

9 SECTION 2. AND BE IT FURTHER ENACTED, That funding for the Approved
10 Work-Based Learning Grant Program under this Act shall be as provided in the State
11 budget. It is the intent of the General Assembly that beginning in fiscal year 2006, at
12 least \$500,000 shall be included annually in the State budget for the Approved
13 Work-Based Learning Grant Program.

14 SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take
15 effect ~~June 1, 2004~~ January 1, 2005.